

## Message Text

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11

ORIGIN EB-11

INFO OCT-01 EA-11 ISO-00 AGR-20 AID-20 CIAE-00 COME-00

FRB-02 INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12

SP-03 CIEP-02 LAB-06 SIL-01 OMB-01 /108 R

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AGRIC:ABCALCAGNINI (INFO)

----- 097388

R 30,207Z MAY 74

FM SECSTATE WASHDC  
TO AMEMBASSY MANILA

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E.O. 11652: N/A

TAGS: ETRD, EAGR

SUBJECT: SUGAR SHIPMENTS AND RUMORS

REF: MANILA 6198

1. CONFIRMING REFTTEL, PHIL EMBASSY MAY 28 DELIVERED BRIEF NOTE CONTAINING FOLLOWING: "THE PHILIPPINE GOVERNMENT WISHES TO STATE THAT THE PHILIPPINES SHALL COMPLY WITH ITS SUGAR QUOTA COMMITMENTS AND OTHER ENTITLEMENTS UNDER EXISTING LAW TO SUPPLY SUGAR TO THE UNITED STATES IN 1974 AND WILL HONOR WHATEVER REQUIREMENTS AS MAY BE CALLED FOR UNDER FUTURE ARRANGEMENTS . . . IF DEEMED NECESSARY, THE PHILIPPINE GOVERNMENT WILL UTILIZE ITS RESERVE SUGAR TO FILL ITS U.S. SUGAR QUOTA COMMITMENTS AND OTHER ENTITLEMENTS."

2. OFFICIAL ASSURANCE THAT GOP INTENDS TO FULFILL ITS OBLIGATIONS IN U.S. SUGAR MARKET IS WELCOME. (WE NOTE THAT PURSUANT TO SECTION 202(D)(6) OF SUGAR ACT, GOP IN 1971

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ENTERED INTO COMMITMENT TO FULFILL QUOTA. MARCOS STATEMENT AND REFTEL IN EFFECT MERELY REITERATE COMMITMENT.) DEPT IS OF COURSE AWARE THAT PHILS UNDER NO LEGAL OBLIGATION TO DO MORE THAN FILL QUOTA BY DECEMBER 31. HOWEVER, THE U.S. NEEDS ALL THE SUGAR PHILS CAN SHIP (UP TO QUOTA) AS SOON AS POSSIBLE, AND, IF GOP WISHES RETAIN LARGE U.S. QUOTA, IT BEHOOVES THEM MAKE EVERY EFFORT PERFORM WELL IN THIS MARKET NOW. NEITHER REFTEL NOR NOTE HAVE RESOLVED

QUESTION OF TIMING.

3. FOR FIRST TIME SINCE NOVEMBER 1973, U.S. SPOT PRICE IS ABOVE WORLD PRICE ON EQUIVALENT BASIS. THIS AT LEAST IN PART DUE TO UNCERTAINTIES REGARDING PHIL SHIPMENTS IN NEXT FEW MONTHS. AS EMBASSY AWARE, USG FOR MONTHS HAS BEEN URGING ALL SUPPLIERS TO MAKE SHIPMENTS AS EARLY IN 1974 AND IN AS LARGE QUANTITIES AS POSSIBLE. SINCE PHILIPPINES IS NOT TRADITIONAL "FREE MARKET" EXPORTER, U.S. TRADE AND USG HAVE CONTINUED TO EXPECT PRIORITY ATTENTION BY PHILS TO SERVING U.S. MARKET NEEDS.

4. RE LEGISLATION, PHILS CAME OUT WELL IN FIRST STAGE, BUT JUST AS PHILS HAVE NO OBLIGATION BEYOND FILLING QUOTA, CONGRESS HAS NO OBLIGATION TO SUSTAIN HOUSE AGRICULTURE COMMITTEE QUOTA RECOMMENDATION. AS REPORTED STATE 106812, DEPT BELIEVES ANY WORLD MARKET SALES BEFORE QUOTA FILLED COULD CAUSE ADVERSE REACTION BY IMPORTANT CONGRESSIONAL LEADERS, AND POSSIBLY IRREVERSIBLE MOVES TO CURTAIL PHIL ACCESS TO U.S. MARKET AFTER 1974.

5. EMBASSY SHOULD CONTINUE TO REMIND GOP OF POSSIBLE EFFECTS OF ANY EARLY WORLD MARKET SHIPMENTS. DEPT HAS MADE ABOVE POINTS TO PHIL EMBASSY HERE. BROWN

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\*\*\* Current Handling Restrictions \*\*\* n/a

\*\*\* Current Classification \*\*\* LIMITED OFFICIAL USE

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** DIPLOMATIC NOTES, EXPORT QUOTAS, FOREIGN COMMITMENTS, SUGAR, TRADE LAW  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 30 MAY 1974  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** BoyleJA  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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